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NEWSPAPER

Operators equip for success

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Poole vows to keep Aunt Fanny's cooking

Jack Hayes/Page 18

e job ?

Patt Patterson/Page 90

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Nation's
Restaurant News®
The Weekly Newspaper of the Food-Service Industry

Vol. 22, No. 50 **Published every Monday by Lebhar-Friedman Inc.; $3 a copy, $29.50 a year** **December 12, 1988**

NRN Photo

James Sparrow, food-service director of C&S National Bank, with Meredith Statler, cafeteria manager of the bank's main dining facility.

C&S Bank lends style to corporate dining scene

By Jack Hayes

ATLANTA — Citizens & Southern Georgia Corp., a banking group as conservative as okra and fried chicken, is booking 35 executive reservations a day for executive dining.

Some observers here are saying the 50-year-old Savannah Room serves the most creative corporate lunch in downtown Atlanta.

Food-services director Jim Sparrow, who turned the menu and kitchen over to a California interior designer two and a half years ago, is using professional waiters to serve a seven-course executive lunch combination that hasn't been repeated since the concept started.

"Other corporate groups would die to taste what some of our people still don't appreciate," said Sparrow, who is a veteran of Marriott. C&S operations delivers 2,000 cafeteria

(See C&S, page 4)

Ryan hiring signals Taco Bell ad shift

Marketing shake-up follows profit falloff

By Richard Martin

IRVINE, Calif. — Taco Bell Corp. has hired veteran chain executive Timothy J. Ryan to direct a revamped marketing thrust designed to reverse profit declines and improve customers' price-value perceptions.

He will oversee Taco Bell's $75 million annual advertising budget, which recently has funded stepped-up efforts to build customer traffic through the promotion of off-price tacos and the discounting of other low-end menu mainstays.

Ryan, the former president of Magic Pan International, resigned as executive marketing vice president of General Mills' Olive Garden chain to become senior marketing vice president of Pepsico's 2,807-unit Mexican fast-food arm. He formerly held senior positions at A & W Restaurants and Red Lobster.

He succeeds executive marketing vice president James P. Loser, whom Taco Bell president John Martin appointed head of a new "restaurants of the future" special-projects development team. Loser, who joined Taco

(See TACO BELL, page 106)

Church's seeks knight in joust with Copeland

By Karen Bruno

SAN ANTONIO, Texas — With time running out in its battle to ward off a $300 million hostile takeover from A. Copeland Enterprises, Church's Chicken was desperately seeking the protection of a white knight.

Church's rallies franchisees at annual confab
Page 14

Wall Street, however, was doubtful that the company, which owns and franchises the nation's second-largest chicken chain, would win the fight to remain independent.

Meanwhile, Alvin Copeland, the flamboyant founder of 705-unit New Orleans-based Popeyes, indicated a willingness to raise his $8-per-share bid for the first time since announcing his

(See CHURCH'S, page 106)

Rax shifts focus back to sandwiches

Chain to scale down, slash prices of self-serve buffets

By Bill Carlino

COLUMBUS, Ohio — Plagued by slumping sales and a 90-item logjam on its lunch and dinner bars, Rax Restaurants Inc. is shifting focus back to sandwiches — the cornerstone of the 20-year-old chain.

Sizzler mulls additions to food buffet
Page 3

The 531-unit fast feeder based here is slashing the prices and scaling down the number of items of its self-serve food buffets.

"The lunch and dinner bar had stopped generating the growth we were looking for," said Larry Ritter, president of Rax. "Eventually the novelty of the all-you-can-eat lunch and dinner food bars wore off. We believe that an important part of Rax's future lies with the sandwich products."

Rax took the first step back to its sandwich roots with a November rollout of both a taco and a meatball pita-pocket and a selected market testing of oversized ham and roast beef sandwiches.

After six profitable quarters, Rax reported a net loss of $95,000 for the first quarter ended Oct. 24 vs. a $785,000 profit in the year-ago period. Revenues, which were up approximately 7 percent as recently as three quarters ago, have sagged in recent months, dropping 8 percent, to $29.1 million, in the latest period.

In addition, first-quarter average store sales sagged 6.5 percent sys-

(See RAX, page 4)

FOOD WATCH

Deck the hotels with holiday sweets

SAN FRANCISCO — Tourists and natives alike will find their sweet tooths tempted this month as several hotel restaurants here serve up holiday goodies from around the world.

The Portman Hotel's Portman Grill leads the pack with a buffet of traditional treats from 20 different countries or regions that celebrate Christmas, Hanukkah, or other winter holidays. Among the offerings are

(See SWEETS, page 4)

CHARLES BERNSTEIN ON FOOD-SERVICE COMBOS — F3

SPEAK OUT ON THE ISSUES OF 1989

You can voice your views on the critical issues facing the industry by calling the Nation's Restaurant News Hot Line.

What is the single biggest challenge facing your business in the year ahead?

And what are you doing about it?

To register your opinion, call the 24-hour, toll-free NRN Hot Line this week.

A recorded message will ask for your statement. If you want, you can also leave your name, title, company and phone number so that we may contact you to confirm your statement for publication.

Watch for the results in an upcoming issue of NRN.

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Subscription rate: Food-service operators and wholesalers/distributors, one year, $29.50, two years, $49.50. Auxiliary (consultants, architects, designers, manufacturers, suppliers, and schools) and all others, $39.

Nation's Restaurant News (ISSN 0028-0518) is published weekly, every Monday except the last Monday in December, by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Second-class postage paid at New York, N.Y., and additional mailing offices. POSTMASTER: Send change of address to: Subscription Department, Nation's Restaurant News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079.

For change of address, please write Subscription Department, Nation's Restaurant News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. Six weeks' notice is requested. Please send old and new address and zip codes. If possible, include mailing label.

Vol. 22, No. 50 Dec. 12, 1988

NEWS DIGEST

Vexed in search for buyers, Pillsbury hints at higher bid

MINNEAPOLIS — Unable to find a "white knight," The Pillsbury Co. has indicated that it might cease its opposition to a $5.23 billion takeover by Grand Metropolitan if the British conglomerate sweetens its offer.

Meanwhile, Wall Street has been rife with reports that Grand Met is willing to raise its offer to $65 per share, from $60.

Pillsbury chairman Philip Smith sent a letter to Allen Sheppard, his counterpart at Grand Met, declaring that "your reluctance to provide a higher offer cannot be excused." Smith said Pillsbury's board would consider "any bona fide offer."

Shortly beforehand, a lawyer for dissident Pillsbury shareholders revealed that the conglomerate had tried to sell itself to 15 unidentified companies in an attempt to evade Grand Met. None of the potential suitors was interested, the attorney said.

He said he had learned of the offers from depositions given by Pillsbury executives.

Denny's to make Xmas a chainwide holiday

LA MIRADA, Calif. — Denny's Inc. is closing all of its Denny's, Winchell's, and El Pollo Loco units on Christmas, traditionally their busiest day, to allow 58,000 employees to spend the day at home.

Denny's officials indicated that closing for the day would cost the TW Services division nearly $5 million in revenues. Patrons who normally visit the restaurants on Christmas will be notified in advance via door stickers at the units.

TW Services president Jerry Richardson's decision to close on Christmas day follows the tradition established at Spartanburg, S.C.-based Spartan Food Systems, another restaurant subsidiary of TW Services.

RJR Nabisco's new owners plan breakup of food units

WINSTON-SALEM, N.C. — The Wall Street investment firm of Kohlberg, Kravis, Roberts & Co., which outbid RJR Nabisco Inc. management with a $109-a-share cash-and-notes offer worth about $24.9 billion, indicated it planned to raise $5 billion to $6 billion to cover some of its new debt burden by selling parts of the company's food operations over the next two years.

Ralston Purina, Quaker Oats, General Mills, Castle & Cooke, and Proctor & Gamble are among those that have indicated interest in the RJR Nabisco labels, which include Ritz crackers, Del Monte and Ortega canned goods, A-1 steak sauce, Fleischmann's and Blue Bonnet margarines, College Inn soups, Planters nuts, Royal mixes, Fig Newton cookies, and Life Savers candy.

F. Ross Johnson, RJR Nabisco president and chief executive, promised to work "toward a professional and smooth transition." Meanwhile, it was expected that Kohlberg, Kravis would name former RJR Nabisco chief executive J. Paul Sticht as interim chairman of the company.

Kohlberg, Kravis emerged the victor after weeks of frenzied bidding and shifting alliances sparked by management's initial $75-a-share offer in October when the stock was trading in the $40s. The free-for-all has led to cries in Congress for reforms that would curtail leveraged buyouts.

Survey finds nursing homes rife with feeding violations

NEW YORK — In a damning assessment of health-care feeders, the U.S. Department of Health discovered in a recent survey of 15,000 nursing homes that 43 percent were serving food in unsanitary conditions.

The study also revealed that 37.7 percent of nursing home residents either require feeding assistance or are fed intravenously.

The Health Department plans to conduct such a survey on an annual basis to guide consumers in choosing nursing homes.

Coniston intensifies pursuit of TW Services

NEW YORK — With 81.3 percent of TW Services' outstanding shares already in hand, Coniston Partners is pressing its attempt to acquire the food-service giant despite the prey's poison pill defense.

Coniston has extended its tender offer to all TW shares. Earlier, the arbitrage concern had offered to buy only about 51 percent of TW, to avoid flooding the market with new shares by triggering the poison pill.

Although shareholders have tendered four-fifths of shares outstanding, Coniston has actually bought only about 20 percent of the float. It said it would purchase the rest when the poison pill is either redeemed by TW or overturned by the courts.

Coniston said it would assess its options if it cannot convince either TW or the legal system to negate the defense.

Wage grace period ending, Calif. operators warned

SAN FRANCISCO — The state labor commissioner has warned restaurateurs that they will face penalties and interest charges after Jan. 1 if they fail to adjust the pay of regularly tipped employees to at least $4.25 an hour, retroactive to July 1.

Lloyd W. Aubry Jr. issued the grace-period warning as part of his plan to implement the Oct. 31 state supreme court decision invalidating California's controversial two-tier minimum wage. Under that system, food-service employers did not have to pay every employee the $4.25 wage.

But the court struck down the $3.50 "alternative" or "subminimum" hourly scale, which went into effect for tipped workers July 1 along with California's new $4.25 pay threshold.

Aubry said interest may be charged from the Nov. 30 effective date of the court ruling on any portion of the wage differential still unpaid to current or former workers by Jan. 1. Additionally, fines of $50 to $100 per employee could be levied for various wage infractions and 30 days' salary could be assessed for failure to pay full wages on termination.

Circle K rolls new drink, expands condiment bar test

PHOENIX, Ariz. — Circle K Corp. is rolling out a frozen carbonated beverage called the Chiller into 400 convenience stores in its home market here and in Kansas City, Mo.

Circle K is also expanding a five-store test of a condiment bar that serves the chain's sandwich and hot-dog programs.

The new Chiller, available in 12 flavors and four sizes, will eventually be rolled out into most of the chain's 4,750 stores, said Stephen Schwitalla, Circle K senior vice president of food service.

Melman joins Winfrey to open Chicago restaurant

CHICAGO — Richard Melman said he has agreed to team up with talk show hostess Oprah Winfrey to open a new restaurant here early next year.

To be named The Eccentric, the restaurant is described as "an American bistro for the '90s."

Domino's opens NY unit in second stab at the Apple

NEW YORK — Domino's Pizza has opened a store near New York University here in its second attempt to crack a pizza market dominated by mom-and-pops.

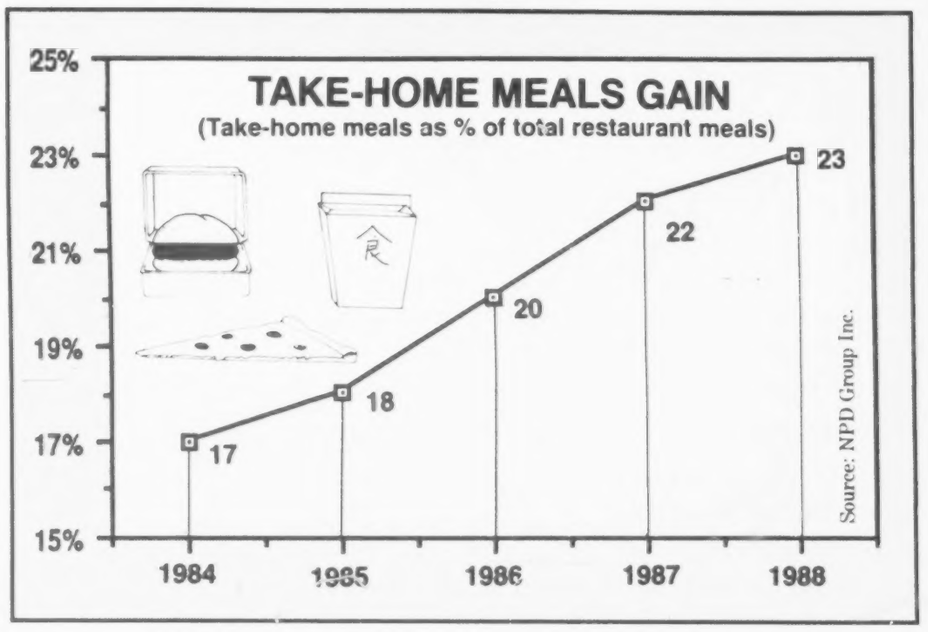
The Ann Arbor, Mich.-based, delivery-only chain's first stab at the market, a midtown store, closed several years ago.

The new, company-owned store is outfitted with bullet-proof glass windows, twice the number of ovens than the typical corporate store has, and bicycles and runners for delivery of 10-inch and 14-inch pies. It has no in-store seating.

MARKETING

Report: Take-home meals gain ground

Convenience, cost add fuel to growing trend



By Bill Carlino

CHICAGO — Americans are taking home 8 percent more restaurant meals this year than they did last year, as the number of cooked-at-home meals declines 7 percent, according to new market research.

According to the latest figures from the third annual National Eating Trends Report, Americans averaged 28 take-home meals this year compared with 20 carry-out meals in 1984, a 40-percent jump.

Overall, survey respondents averaged 110 total away-from-home meals per year either eaten on premises or carried out.

The survey, conducted by the NPD Research Group based here, polled approximately 13,000 households regarding their away-from-home eating trends, while 2,000 separate households were surveyed for at-home meal consumption patterns.

Respondents recorded all food and beverages consumed by members inside the home and all food and beverages purchased at commercial eating establishments within the past year.

"Convenience is fast becoming the predominant theme in away-from-home meal consumption," said NPD project director Mark Plotnick. "Although home-meal preparation and consumption still represents the greatest percentage in current eating trends, take-home meals are quickly becoming a major overall influence."

Cost figured prominently in the sprouting take-home segment, as carry-out meals averaged 53 percent less than meals eaten on premises.

Pizza outlets in particular displayed the greatest growth within the take-home category, climbing 28 percent since the 1984 survey and pushing significantly ahead of chicken and hamburgers within competing take-out concepts.

Carry-out chicken meals dipped 9 percent from the 1987 figures and 28 percent over a four-year period. Although annual hamburger take-home meals experienced no change over the past year, the category has dwindled 10 percent since 1984.

In 1988 the cost of food at home rose faster than did the cost of food away-from-home for the first time this decade, which, according to Plotnick, was a primary factor in the growth of take-home meals.

Regarding on-premises restaurant meal consumption, the NPD survey revealed the hottest-selling items to be breakfast sandwiches; pizza; Oriental-Mexican-Italian entreés; carbonated soft drinks; and main-dish salads.

Beef, red-meat sandwiches, and cake desserts were among the less-requested dishes.

Although meal preparation and consumption at home declined 7 percent since last year, the underlying trend for home-meal consumption lies in the "heat and run" method.

Two-thirds of all households surveyed now use a microwave at least once every two weeks, an increase of 10 percent over the 1987 figures.

In fact, for the first time since the survey's inception, the microwave has now surpassed oven usage to become the second most frequently used home cooking appliance, after stove-top preparation.

Microwave use has evolved beyond simple meal preparation, as 16 percent of all main meals are cooked by microwave.

The convenience trend serves to influence home meal consumption, too, as 76 percent of food items prepared at home were categorized as "ready-to-eat," requiring no preparation, while 17 percent were frozen items.

Compared with figures five years ago, the lunch consumption patterns are undergoing the most significant changes relative to meal sources. Factors responsible include carried meals, restaurant meals, and meal skipping.

The most significant trend for changing meal sources was at dinner, where the annual number of take-home meals per person has climbed 50 percent since 1984, while dinner meals prepared at home dipped 9 percent since 1987.

Regarding future eating trend projections, the NET study projects that eating patterns will be dictated largely by the female work force, which is expected to grow twice as fast as the male work force , and an upsurge of families with children, a segment growing between 16 percent and 28 percent annually.

AD WATCH

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"AdWatch" submissions should be either proofs, prints, or stills of a new print, direct mail, or television advertisement for a restaurant or restaurant chain, with accompanying information on the responsible agency name, if any, and the media time and placement schedule. Submissions should be sent to: Marketing Editor, Nation's Restaurant News, 425 Park Ave., New York, N.Y. 10022.

NRN MARKETING DIGEST

King's Table hires new agency

EUGENE, Ore. — International King's Table, a chain of 90 cafeteria buffet restaurants based here and owned by Horn & Hardart, has transferred its $2.5 million advertising account to Livingston & Co.

Roy Rogers readies for new promo

WASHINGTON — The Roy Rogers sandwich chain has hired QLM Associates, a Princeton, N.J.-based marketing specialist, to develop a new array of promotional campaigns.

The first will debut in March, QLM said, adding that the program would not be built around a menu item. Further details were not disclosed.

The promotions agency said it was one of nine shops that were considered for the Roy Rogers account.

Grisanti names marketing director

LOUISVILLE, Ky. — Grisanti Inc., based here, has named Carol Lomicka director of marketing and strategic planning.

She will be responsible for overall corporate marketing, planning, creative development, and marketing.

Before joining Grisanti, Lomicka owned a consulting business here called Direct Access Marketing. Before opening that business, she was a manager responsible for several brands of cigarettes at Brown & Williamson.

Grisanti operates 17 Grisanti Casual Italian Restaurants; 12 Casa Lupita restaurants; and Casa Grisanti, Sixth Avenue, and Mamma Grisanti's here.

Australia comes to Radisson

MINNEAPOLIS — The restaurants of selected Radisson hotels are launching a promotion of Australian foods and wines to publicize the chain's entry into the island continent's lodging market. Radisson said it plans to open three hotels in Australia by the end of 1989.

In other news, Radisson Hotel Corp. has promoted Harriet Craig Peterson to vice president of marketing, giving her responsibility for all advertising and promotions related to the chain's domestic and international operations.

Peterson, who succeeds William Hanley, had been senior director of marketing. Hanley joined a rival hotel company.

Radisson is owned by Carlson Cos., a Minneapolis-based conglomerate that also operates the Country Kitchens chain.

FOCUS | VIEWPOINT

Nation's Restaurant News

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, N.Y. 10022
212 371-9400
Subscription Services, ext. 379 or 419
Cable Address: LEBHAFRIED
Panafax: 212 838-9487

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Publisher of Nation's Restaurant News, Discount Store News, National Home Center News, Drug Store News, Accounting Today, Computer&Software News, Computer Product Selling, Chain Store Age Executive (with Shopping Center Age), *APPAREL merchandising*. Affiliates: Business Guides Inc., Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

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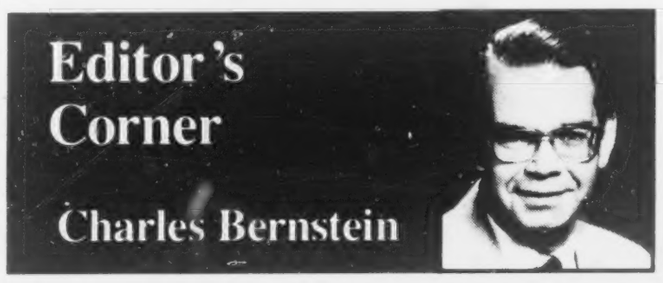
Food-service combos: pitfalls abound

Two for the price of one? How about three, four, or even five or more for the price of one?

A myriad of fast-food and casual-restaurant combinations are dotting the sidewalks, landscapes, and malls of America in frantically rising numbers. Operators are also linking up with convenience stores, gas stations, auto stores, video shops, and other retailers.



In effect, this is another form of merger mania that has swept the industry, albeit a more palatable and manageable one than the corporate buyouts. At least entrepreneurship tends to be emphasized in these combos.

Many of the new-wave complexes are team-ups of franchisees or of franchisees and franchisors. They represent a reaction to sharply rising management and land costs and an opportunity to build more variety and traffic for a wider market share.

By combining managerial responsibilities and real-estate costs, operators reduce their initial investment and overhead. Yet these tie-ins often are not the paradise envisioned — management is spread too thinly, individual images are diluted, and sales are cannibalized even while traffic jumps.

We thought that Murray and Irving Riese invented this innovative approach to maximum utilization of space. They literally built combination food-service operations on almost every corner of New York City, corners that they own anyway. Originally, operators around the country scoffed at the idea, but these same operators are lining up to imitate it or to launch their own versions.

The latest Riese combo is planned for the Upper East Side with a Nathan's, Pizza Hut, Roy Rogers, and Dunkin' Donuts. In a complex not far away, the Rieses already have a team of Houlihan's, Roy Rogers, Dunkin' Donuts, and Del Taco.

Another Riese combo being eyed in new York is a combination of two full-service restaurants, Dennis Riese's TGI Friday's franchise and Murray and Irving Riese's Chi-Chi's franchise.

Actually, one need go no further than New York's Penn Station complex to find a still-expanding universe of some 25 different Riese franchise concepts.

The newest nuance has corporations jumping into the act, too. PepsiCo has launched a unique combination of its three chains, putting Pizza Hut, Taco Bell, and KFC under one roof in Columbus, Ohio. And Pillsbury teamed up Burger King, Godfather's Pizza, and Häagen Dazs at a Las Vegas casino.

Among other multiple concepts opened or planned:

Popeyes and Pizza Royale in New York State; Popeyes and Carl's Jr. in San Francisco; Mr. Donut and Twistee Treat in several locations; Dairy Queen, Orange Julius, and Karmelkorn in a number of spots; 7-Eleven with Winchell's, T.J. Cinnamons, and Dunkin' Donuts counters; and Amoco gas stations with Burger King and Dairy Queen.

The one chain that everyone seems to want to team up with is Dunkin' Donuts, whose counters or snack stands seem to be almost everywhere in addition to its own freestanding dominance in the snack market.

Meanwhile, T.J. Cinnamons has joined Burger Tyme in a few places while West Coast Video Stores explore potential linkups with Arby's, Pizza Hut, and TCBY. A few Taco John's franchisees have twinned with Popeyes or Bresler's ice cream.

Food-mall clusters and food courts have become prevalent at shopping centers. But now food courts are prospering at major airports. One of the biggest was set to open this week at Newark, N.J., International Airport's new Continental Airlines terminal with offerings from 18 different units, including McDonald's, Häagen Dazs, Sbarro's, Au Bon Pain, Wok & Roll, Nathan's, and Philly Cheese Steak.

Fast Far East, Bun-on-the-Run, Deli-in-a-Hurry, and Mexican-in-a-Minute are teamed at Chicago's O'Hare Airport, and Au Bon Pain will twin with Sbarro at Boston's Logan Airport.

Sbarro is another favorite partner, as Marriott has utilized it adjacent to Roy Rogers and Bob's Big Boy at turnpike locations.

Whether twins, triplets, quadruplets, quintuplets, or sextuplets, the synergy can create a winning combination of more choices for the customer. But there are serious pitfalls in losing individual identities and allowing management to thin out in the struggle to save money.

Launching a multiplicity of combined concepts is by no means a panacea and can merely create organized chaos. But when properly orchestrated and merchandised, this approach can be a bottom-line asset if the concepts and the people who run them mesh.

LETTERS

Industry's temp workers lack professional pride

Editor, NRN:

I am a subscriber to your newspaper. Over the years much has been written about the problems facing the hospitality industry, and from my point of view, they are quite accurately portrayed by you and your staff.

We read about the massive and sometimes insurmountable labor problems in the food-service industry, about restaurant openings and closings and turnovers at a rate that boggles the mind.

We read about the hotel scene: "Absolute misery at $200 a day" and the horror you encountered at a major hotel.

What the hell is wrong? Well, it is quite clear what's wrong! First, the vast majority of young people who enter the management end of the hospitality business leave within a couple of years.

Second, the vast majority of the workers are kids who at one time or another spend time as waiters, waitresses, chambermaids, bellhops, busboys, dishwashers, or cooks as they prepare themselves for their true calling, these people in between "real" jobs.

In short, our industry, the largest employer of all, does not constitute a profession to most people in it. They are temporaries for the most part, no matter how you look at it, and they lack professional pride.

With the exception of a few professionals out there, it is a slough-off industry, and that's what's wrong!

To add to the dilemma, we have industry leaders who fight minimum-wage increases, and then there are all kinds of entrepreneurs with no credentials trying to make an easy buck.

The ultimate irony is that there are thousands of capable and highly motivated men and women who are refused jobs because of age. I quote you: "Age discrimination: missed opportunity," "a blatant loss of opportunity not only for the veteran employee but for the entire food-service industry."

It does not make any sense not to hire those with a wealth of experience. The status quo is clearly unacceptable, and those "older guys" with 15 or more years to give certainly could help bring respectability back to the industry. It needs it!

— Rolf Olofsson
Bar Harbor, Maine

Concepts, companies diluted by acquisitions

Editor, NRN:

As a former Houlihan's manager, a "victim" of two acquisitions, and an observer of others, I found Charles Bernstein's Oct. 10 Editor's Corner, "The Rieses: too much of a good thing," full of insight, disheartenment, and prophecy.

Concepts and companies are almost always diluted after being acquired. Witness Coco's, Reuben's, Marie Callender's, Tia Maria, and most of the Saga family.

Their personas change, their personalities wash out, and the new owners forget the entrepreneurial spirit that made the places worth visiting.

My advice to those in the Houlihan's organization who care about hospitality: Dust off your résumés; call your headhunters. It certainly won't be the same, and it probably won't be better.

— John H. Bing Jr.
Toluca Lake, Calif.

Coverage of Southeast, editorials commendable

Editor, NRN:

Please keep up the hard-hitting editorials. Readers may not always enjoy hearing what you have to say, but then few of us enjoyed getting the polio shots that may have saved our lives.

I also would like to mention that your coverage of the Southeast has shown a remarkable change in breadth and depth with Jack Hayes in your bureau.

— Richard M. "Erik" Gordon
chief operating officer
The Original Great American Chocolate Chip Cookie Co.
Atlanta, Ga.